



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**22 VAC 40-111 – Standards for Licensed Family Day Homes**  
**State Board of Social Services**  
August 3, 2008

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### **Summary of the Proposed Amendments to Regulation**

The State Board of Social Services proposes to incorporate and replace Minimum Standards for Licensed Family Day Homes (22 VAC 40-110) with new regulations, Standards for Licensed Family Day Homes (22 VAC 40-111). The main goal of the changes is to improve health and safety of children while under the care of a licensed family day home. The proposed new requirements are related to following areas: staff qualifications, training, and responsibilities; physical plant features; care and services for children; and emergency preparedness.

### **Result of Analysis**

There is insufficient data to accurately compare the magnitude of the benefits versus the costs.

### **Estimated Economic Impact**

The State Board of Social Services proposes to incorporate and replace Minimum Standards for Licensed Family Day Homes (22 VAC 40-110) with new regulations, Standards for Licensed Family Day Homes (22 VAC 40-111). The main goal of the changes is to improve health and safety of children while under the care of a licensed family day home.

In general, most of the proposed changes are aimed at clarifying the intent of the regulations to improve compliance with the standards and procedures and thus to improve health and safety of children at licensed day homes. However, several proposed changes will create generally small, but non-negligible costs for compliance.

One of the proposed changes will increase annual training from 6 hours to 16 hours over a four year time frame. When the regulation become effective, the annual raining hours will increase to 8 hours, one year after the effective date the annual raining hours will increase to 12 hours, two years after the effective date the annual raining hours will increase to 14 hours, and three years after the effective date the annual raining hours will increase to 16 hours. DSS estimates that the cost of providing additional two hours of training when the regulations become effective is \$26, the cost of providing additional six hours of training one year after the regulations become effective is \$68, the cost of providing additional eight hours of training two years after the regulations become effective is \$84, the cost of providing additional ten hours of training three years after the regulations become effective is \$110.

Also, pursuant to section 54.1-3408 N of the Code of Virginia, proposed regulations requires medication administration training for caregivers who choose to administer prescription medications. The cost of medication administration training is estimated to be \$50.

Another proposed change will remove the exemption to have a CPR certification from providers who are registered nurses or licensed practical nurses as they may not have had this training. Also, the CPR certification and First Aid Certification will be required from assistants. According to the DSS, the cost of CPR certification is \$28 the cost of First Aid Certification is \$35.

Also, basic water rescue certification will be required if needed when children are in water over two feet deep. This certification is estimated to cost \$30.

The proposed regulations will require that the providers provide orientation to assistants and substitute providers within one week of the employment. The orientation will cover job related responsibilities and obligations. DSS estimates the cost of the orientation to be \$8.

Also, provider will be required to develop an emergency preparedness and response plan. Estimated cost of the plan is \$40.

The proposed regulations will also require a fence or barrier around play areas that are in close proximity to hazards such as pools, ponds, railroad tracks. The estimated cost of the fence or barrier is \$1,000.

In addition, several other proposed changes will establish requirements that may introduce additional costs. These include that the provider have 1) a land-line phone (the phone is estimated to cost \$20 and the monthly service is estimated to cost \$30), 2) safety locks on each closet and bathroom door (estimated to cost \$8), 3) a set of bed linens for each child (estimated to cost \$15), 4) activated charcoal preparation for first aid kit (estimated to cost \$20), 5) weather band radio and extra batteries (estimated to cost \$15), 6) baby monitor if night time care is provided (estimated to cost \$15).

While each of the proposed changes mentioned above is expected to create some additional costs, the significance of the overall impact will depend on the current compliance levels. For example, if a provider already has a land line phone, he or she will not face additional costs as she or he has been already incurring all of the costs of having a landline phone. Since the level of current compliance is not known, an accurate estimate of the total potential costs cannot be provided.

## **Businesses and Entities Affected**

The proposed regulations apply to licensed family day homes. Currently, there are 1,768 licensed day homes in Virginia caring for approximately 19,467 children.

## **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

## **Projected Impact on Employment**

The proposed regulations are expected to affect demand for labor in two directions. Increased training, certification, and physical plant requirements may add to demand for labor. On the other hand, any increase caused by increase in child care prices may reduce demand for labor by reducing the demand for child care. Thus, the net effect on employment is uncertain.

## **Effects on the Use and Value of Private Property**

The proposed changes could also affect the value of family day home businesses through the effects on future profit streams. Most changes will increase compliance costs. Therefore, the value of family day home businesses would decrease on average. On the other hand, costs of litigation and liability insurance might be lower if the family day home industry is operating under better health and safety standards which could balance out the potential decrease in value

to some extent. Furthermore, some physical plant requirements such as fencing or safety locks may affect the value of provider homes in either direction.

### **Small Businesses: Costs and Other Effects**

All licensed family day homes are estimated to be small businesses. Thus, all of the costs and benefits discussed above apply to small businesses.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There is no known alternative that minimizes adverse impact while improving health and safety of children.

### **Real Estate Development Costs**

The proposed regulations are not anticipated to have any effect on real estate development costs.

### **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.